



# NEWS RELEASE

CALIFORNIA STATE TREASURER PHILIP ANGELIDES

FOR IMMEDIATE RELEASE

August 15, 2000

## RATE OF SCHOLARSHARE ACCOUNT OPENINGS TRIPLE WITH NEW COLLEGE SAVINGS OPTIONS

SACRAMENTO – The Golden State ScholarShare College Savings Trust, California's new tax-deferred college savings plan, opened a record number of accounts in the last three weeks. Of the 15,043 accounts opened since the program was started last October, 18% (2,671) were opened after the addition of three new investment options in July. Program managers believe the additional choices are the primary reason for the increase in accounts.

"The new options are a direct response to investor requests. Whether it's our basic age-based asset allocation option, our all-equity option or our guaranteed option, ScholarShare offers an easy way for families of all incomes to help finance their children's education," said State Treasurer Philip Angelides, Chairman of the ScholarShare Investment Board. "Clearly families are taking advantage of the flexibility the program now offers."

Investors chose one of the three new options in nearly 60% of new accounts. The new options include a 100% equity option, a social choice option and a guaranteed interest rate option. Investment in the original age-based option has also increased, and total invested assets now exceed \$70 million.

- **100% Equity Option** invests 100% of its holdings in stocks through TIAA-CREF managed mutual funds.
- **100% Social Choice Equity Option** invests 100% of its holdings in stocks of socially conscious companies through TIAA-CREF managed mutual funds.
- **Guaranteed Option** allocates contributions to a funding agreement which guarantees both principal and a fixed rate of return.
- **Age Based Allocation Option** invests in a combination of stock, bond and mutual funds, percentage holdings are determined by the age of the beneficiary.

“With four investment options, California’s plan has something for just about everyone,” *Kiplinger’s* savings and investment magazine recently reported when it named California one of the top five college savings plans in the country. “At the heart of a good savings plan are good investment choices...which increase the likelihood that you’ll be able to tailor a plan to your own investment philosophy and tolerance for risk.”

ScholarShare, launched by the State last October, is an IRS Code Section 529 plan. Contributions to ScholarShare accounts can be made by check, automatic funds transfer, or payroll deduction. The minimum contribution level is \$25; \$15 for those using payroll deduction.

Funds are invested in professionally managed stock, bond, and money market mutual funds and insurance contracts. Earnings are federal and state tax-deferred until withdrawn to pay qualified higher education expenses. Qualified withdrawals are taxed at the beneficiary’s (lower) rate. The accounts are extremely flexible and may be used at any eligible higher education institution in the United States, including vocational and technical schools, and can be transferred between family members.

Unlike many other college savings vehicles, there are no income limits, and contribution limits are not capped until well past the \$100,000 mark – far higher than the Education or Roth IRAs. In addition to *Kiplinger’s*, these plans have been featured in *Time*, *Newsweek*, *Money*, *USA Today* and many other publications as the best new way to save for college.

The State of California selected TIAA-CREF Tuition Financing, Inc., a wholly owned subsidiary of TIAA-CREF, to professionally manage all of the ScholarShare investments. TIAA-CREF is an 80-year old financial service organization renowned for its low fees and retirement management programs.

Opening an account is easy. ScholarShare accounts are offered through a Participation Agreement and a Disclosure Booklet that describes the program. For more information, call toll-free 1-877-SAV-4 EDU (1-877-728-4338), or visit the website at [www.scholarshare.com](http://www.scholarshare.com).

# # #